Afternoon Energy Media Summary - May 16, 2018

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Date: Wed, 16 May 2018 15:15:45 -0400

Good afternoon,

Here is a roundup of today's news:

- How does the hydro system work in Ontario? The Canadian Press explains – *National Post*
- Ford says he'll reduce gas prices by 10 cents per litre by cutting cap-and-trade, fuel tax – *CBC*
- Nuclear Innovation Institute Coming To Bruce County – *Blackburn News*
- Toronto Hydro Raising Awareness During Powerline Safety Week – *T&DWorld*

Please see below **Today in Twitter** for news articles.

May 16, 2018

- @jen_aston - We are discovering energy production in Ontario today. My students just turned off the lights and opened the blinds because it's peak time!
- @pperezninja - It's tiresome to only hear about gas prices. How about plans to move Ontario to more sustainable energies? In addition to helping the environment, it would diversify the energy sector and prevent these kinds of cost-of-energy strangleholds in the future. @fordnation @SteveClarkPC
- @CBCQueensPark - PC campaign says $1.9 billion less revenue from cutting cap and trade would be offset by cutting everything it funds news.ontario.ca/ene/en/2017/08… such as home energy retrofits & electric vehicle subsidies. That leaves them about $6.2B in efficiencies to find. Plus $12 B to end deficit
- @sunlorrie - Their single largest shareholder remains the government of Ontario, thus the taxpayers of Ontario. Hydro One is not the same as a privately-owned company competing in an open market. It's the monopoly hydro transmitter which is what its execs appear too tone deaf to understand.

How does the hydro system work in Ontario? The Canadian Press explains
Michelle McQuigge
The Canadian Press
National Post
May 16, 2018

TORONTO — The price of electricity in Ontario has long been a sore point for many in the province, with the governing Liberals being taken to task for rising hydo rates for years. But how does the system work? And would proposals put forward by the Progressive Conservatives and the New Democrats ahead of next month's election improve the situation? The Canadian Press tried to tackle those questions.

How did we get to the current state of affairs?

Hydro has figured largely in political discourse for decades.

"In Ontario, electricity is to premiers as the Middle East is to American Presidents," said Keith Stewart, senior energy strategist for Green Peace Canada. "It's always somewhere on their desks … and it's never easy."

Much of the province's history with electricity is bound up in a now-defunct entity that came to be known as Ontario Hydro. Stewart said it was responsible for all three components of the province's electricity system — owning and operating the power producers, transmitting the power, and regulating rates.

Ontario Hydro became the source of political friction starting in roughly the 1970s, culminating in the decision to privatize the corporation in 1999. The government of the time, led by Progressive Conservative Premier Mike Harris, broke Ontario Hydro up into the hodgepodge of entities that make up Ontario's current system.

Several agencies currently handle tasks previously managed by Ontario Hydro.
Ontario Power Generation (OPG) is the owner and operator of many of Ontario's power generators, such as nuclear and hydroelectric plants.

Transmission is now primarily handled by Hydro One, which funnels power to a number of local utilities who in turn ensure it reaches customers.

The Independent Electricity System Operator (IESO) co-ordinates Ontario's electricity needs, balancing the supply of power with demand and directing the flow of electricity from various generation sources across the province's grid of transmission lines. It also handles long-term planning for the province and is responsible for sourcing long-term contracts with electricity generators, including wind and solar power companies. These contracts can be up to 20 years in length.

The Ontario Energy Board (OEB) regulates the electricity and natural gas sectors, approves and sets delivery rates for power distribution and transmission as well as prices for consumers.

Why have rates gone up?

Hydro rates have more than doubled in the past decade, taking a major toll on Premier Kathleen Wynne's approval ratings. Analysts say there are several factors behind the increase and argue many of them have benefits that are more evident in the long-term.

Stewart said the previous Tory government capped hydro rates at what he called an unrealistically low number of 3.5 cents per kilowatt hour back in 2000. The Liberals left that rate in place until 2004.

Stewart attributed much of the rate spike to upgrades the province made to its aging infrastructure. This involved refurbishing nuclear plants and building new generating facilities to replace the coal-fired power plants the province phased out as of 2014.

But analysts agree the long-term contracts signed with power producers have also played a key role. Michael Trebilcock, a law professor with the University of Toronto, authored a paper for the C.D. Howe Institute criticizing the rates the province negotiated starting in 2009 when the Green Energy Act took effect.

He said the rates, often locked in for 20 years, were at least twice as high as market rates and in some instances considerably higher. The discrepancy is all the more stark since market rates for wind and solar-powered electricity have tumbled in recent years, he added.

How does Ontario compare to other jurisdictions?

Monthly bills in San Francisco, New York, Boston, Charlottetown, Regina and Halifax in 2017 were higher than bills in Ontario, according to data from the OEB.

Why is hydro so politically charged right now?

Last year the Liberals tried to quell anger over hydro rates by adopting the Fair Hydro Act and slashing prices by 25 per cent.

The plan lowers time-of-use rates by letting customers off the hook for a portion of the global adjustment — a charge consumers pay for above-market rates to power producers — for the next 10 years. In the meantime, producers will continue being paid the same, so Ontario Power Generation has been tapped to oversee the debt used to pay that difference.

Auditor General Bonnie Lysyk has accused the province of underestimating and misrepresenting the financial impact of the plan and shifting the increased cost to a new generation of rate payers.

What about Hydro One privatization?

Hydro One was partially privatized in November 2015, with the government saying it planned to use the sale of shares to fund transit and infrastructure projects. By December 2017, the province had sold off 53 per cent of its stake.

Stewart and Trebilcock say Hydro One has a monopoly on transmission and say the rates it charges are tightly regulated by the OEB.

“Whether it’s owned by the provincial-owned or owned only 40 per cent by the provincial government doesn’t alter the fact that it’s a monopoly, and monopolies have a tendency to charge too much and be slack in holding down costs,” he said. ” Maybe that’s happened, but that would happen whether the government owned it or it was privatized.

Both Trebilcock and Stewart, moreover, agree that allowing Hydro One to function as a monopoly is for the best.

Statistics from the Environmental Commissioner of Ontario suggest privatization has had minimal impact on rates. A recent report found transmission rates, which currently account for seven per cent of overall electricity costs, decreased slightly from 2006 to 2016.

Will any of the political solutions put forward on the campaign trail make any difference?

Experts feel Progressive Conservative Leader Doug Ford and NDP Leader Andrea Horwath are missing the point with their campaign pledges, which have largely centred on Hydro One.

Ford has promised to fire the entire board of the company and railed against high executive salaries. Horwath has pledged to return the company to public ownership. Both have vowed to slash rates — Ford by 12 per cent, Horwath by 30 — and both have said they would renegotiate private power contracts where possible.

But Stewart said everyone on the campaign trail is talking about a hydro model that’s increasingly antiquated, saying a centralized approach makes less sense as people adopt more green technology and shift to producing their own power.

“The old public monopoly model of Ontario Hydro is not a good one for this world,” he said. “That isn’t going to get talked about in the election, but I think people within the system know that that’s the big change that’s coming.”

[Ford says he'll reduce gas prices by 10 cents per litre by cutting cap-and-trade, fuel tax]
CBC News
May 16, 2018

A Progressive Conservative government would reduce gas prices in Ontario by 10 cents per litre by scrapping the province's cap-and-trade program and reducing the provincial fuel tax, Doug Ford said on Wednesday.

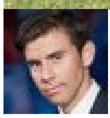
Ford did not say, however, how a Tory government would make up for the billions in lost revenue that would result from those changes.

"Every day, I hear from the people who are fed up. Fed up with being gouged at the gas pump. Fed up with the price of gas keeps going up, and with, the price of goods and services, with no end or relief in sight," the PC leader said at a campaign stop in Oakville.

Ford also reiterated his vow to challenge the imposition of a carbon tax in Ontario.

According to a news release, the provincial fuel tax on gas and diesel — currently at 14.7 cents and 14.3 cents per litre, respectively — would be reduced to nine cents per litre for both.

Ontario's cap-and-trade program accounted for some $1.9 billion in revenue last year, while the fuel tax brings in $2.7 billion in revenue.



[Chris Glover](#)
✓@chrisgloverCBC

Doug Ford pledges 10 cents off a litre at the pump. Eliminating carbon price & reduce provincial tax on gas. He says under the liberals gas prices have doubled. #onpoli #onelxn
11:42 AM - May 16, 2018

Ford is promising to scrap both, while also reducing government spending by at least $6 billion, reducing the tax rate in the province's second tax bracket, lowering the corporate tax rate and significantly cutting hydro bills for voters.

When pressed by reporters on how a PC government could afford the changes, Ford said that the money voters save on gas will increase economic activity.

"We can't afford not to do this," Ford said, without providing any further details on how the proposal would work.

"These are savings that will leave more money in your pocket."

Ford also repeated his claim that a "line-by-line" audit of government ministries would find billions of dollars in "efficienies."

Currently, municipalities in Ontario receive two cents per litre on all the gas that is taxed under the provincial fuel tax to help fund their public transit networks. That figure is set to increase to four cents per litre by 2021.

A spokesperson for the Ford campaign said that municipalities will no decrease in that money flow and that a PC government would honour the planned increase put in place by the Liberals.

Price cut needed, gas analyst says

Dan McTeague, a former Liberal MP and current senior analyst with Gasbuddy, said that while there will be "some revenue impacts" from Ford's proposal, it is necessary amid substantial increases in gas prices and a weak Canadian dollar.

"Make no mistake, the dramatic increases that we've seen means we need someone to provide a shock absorber to mitigate these prices," he told CBC Toronto.

McTeague added that he frequently hears from Ontarians who are struggling to cope with gas prices. Ford's plan, if it comes into effect, could help Ontario's economy sustain forecast increases to the price of oil that will ultimately be passed onto consumers.

"I think it would help some people get through some very difficult times."

[Nuclear Innovation Institute Coming To Bruce County]
Jordan MacKinnon
Blackburn News
May 16, 2018

Bruce Power and Bruce County council are coming together to create a centre of excellence for the nuclear industry.

The pair announced they will be extending their economic development agreement through 2021, and in the process, will be constructing Ontario’s Nuclear Innovation Institute in Southampton.

Bruce Power President and CEO Mike Rencheck says it’s an opportunity to harness the extensive nuclear knowledge in the area, which has grown with the arrival of dozens of nuclear suppliers in recent months.

He says exact specifics are still being worked on, but the institute will focus on developing new technology as well as training the next generation of skilled workers for the nuclear industry.

“We’ll be able to look forward through the next generations and really look at some of the breaking technologies,” says Rencheck. “Having that in our community, having that available to our youth to get experience in before they go off to college, university, or before they begin a career in the trades will certainly be helpful.”

Rencheck says the institute will focus on artificial intelligence, medical isotopes, environmental protection, Indigenous economic development, as well as overall nuclear operational excellence.

He adds they are looking at land adjacent to the Bruce County Museum and Cultural Centre as a preferred location, but adds dialogue with the local community will help determine the exact location for the facility.

Bruce County Warden Paul Eagleson says it has been a whirlwind of development since the county and Bruce Power began their partnership two years ago, but says talk of building the institute has only been on the table in the last several months.

“The partnership to bring all the [nuclear] companies here has been absolutely fantastic, signing a memorandum of understanding today to move it on to 2021 is great,” says Eagleson. “This innovation centre is obviously pretty exciting and fantastic, but we’ve moved pretty quickly on this.”

Eagleson says the next steps in developing plans for the institute will be announced following next month’s provincial election, but adds they hope to have ground broken by no later than 2020.

[Toronto Hydro Raising Awareness During Powerline Safety Week]
T&D World
May 16, 2018

A powerful windstorm swept through Toronto on May 4, ripping down trees and powerlines as it moved through Southern Ontario. At the peak of the event, 68,000 customers were without power in the City of Toronto and Toronto Hydro received hundreds of emergency calls about downed powerlines.

As Powerline Safety Week runs from May 14 to 18, and comes on the heels of one of the worst weather events since the 2013 ice storm, Toronto Hydro is taking this opportunity to remind customers about the dangers of powerlines.

During widespread outages when severe damage has occurred to our system, crews work around the clock to restore power as quickly and safely as possible. Still, repairs of this nature can be lengthy and it can take time – sometimes days – for crews to get to every downed wire.

That's why customers should always treat downed powerlines as live, and should never attempt to move a wire out of the way or move a tree branch off of a wire. Powerlines are dangerous – even if they don't look like it. Unfortunately, a Hamilton man was electrocuted during the storm, and it's suspected he attempted to move downed lines out of the roadway.

Toronto Hydro advises customers to stay back at least 10 meters from downed wires and to report them immediately to Toronto Hydro or 911. The utility offers these tips for customers:

- There are more than 15,000 km of overhead wires and approximately 13,000 km of underground wires in Toronto
- If you see a downed powerline, stay back the length of a school bus, or 10 meters, and call 9-1-1 immediately
- Call or click before you dig! Toronto has underground wires in some areas, so residents should contact Ontario One Call at 1-800-400-2255 to mark underground electrical equipment before starting any landscaping projects

"Powerline Safety Week is a yearly campaign, but it's especially timely following the recent windstorm. As we saw, understanding the dangers associated with powerlines is literally a matter of life or death. We want to prevent electrical accidents from occurring by arming people with the necessary information to stay safe around our equipment," said Tori Gass, Media Relations Specialist, Toronto Hydro.

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